



Office of Enterprise Risk Management
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December 15, 2010

AGENDA ITEM 3a

TO: MEMBERS OF THE AD HOC RISK MANAGEMENT COMMITTEE

- I. SUBJECT:** Office of Enterprise Risk Management – Action Plan Update
- II. PROGRAM:** Enterprise
- III. RECOMMENDATION:** Information
- IV. ANALYSIS:**

In October 2010, the Governance Risk Management Initiative presented a 90-Day Kickoff Plan (Plan) to the Board of Administration (Board). This Plan (Attachment 1) demonstrates how the newly created Office of Enterprise Risk Management (OERM) will become operational and outlines some milestones in implementing a risk intelligent enterprise management policy. Key parts of the Plan include:

- Establishing the OERM
- Operationalizing Risk Intelligence Activities
- Implementing Change Management Strategies
- Determining the Synergies with Other Functions

Since the last report to the Board, the OERM has made significant progress in executing the Plan. One important milestone has been the convening of the first Enterprise Risk Management Committee (Committee), where Executive Staff prioritized and discussed the enterprise risk focus list. Going forward, the Committee will meet at least monthly to assure that significant risks to CalPERS are identified and managed on an ongoing basis.

In addition, the OERM has begun to work in collaboration with the External Affairs Branch on a reputational risk assessment. This assessment will help CalPERS identify key stakeholders and reputation drivers, and will also identify risk metrics and tolerances that CalPERS must watch in order to become more nimble and responsive to its environment.

These items represent only a portion of the work completed on the Plan. A comprehensive update on the status of all steps of the Plan is included as Attachment 2.

As work continues on the Plan, additional risk assessments and increased coordination of enterprise oversight activities will provide management with better decision-making capabilities and promote a more risk-intelligent CalPERS culture.

V. STRATEGIC PLAN:

This recommendation supports Goal II of the Strategic Plan, which states that CalPERS is committed to fostering “a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability.”

VI. RESULTS/COSTS:

There are no costs associated with this item.

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Attachments